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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 15, 2011

Bret Clark
Hub Research & Development Company
377 West 1500 South
Salt Lake City, Utah 84115

Subject: Deficient Reclamation Cost Estimate, Hub Research & Development Co., Bret Clark Mine, S/015/0043, Emery County, Utah

Dear Mr. Clark:

The Division of Oil, Gas and Mining has reviewed the referenced reclamation cost estimate for the Bret Clark mine, and the following items will need to be addressed before the estimate can be determined complete:

The Division has several concerns about the bid from Denning Construction.

- The estimate did not include mobilization and demobilization (mob/demob). The company letterhead lists Draper, and St. George as bases. Since a minimum of two pieces of equipment would be needed and the mob/demob cost is at least \$3,000 per piece of equipment, a minimum of \$6,000.00 must be added to the estimate.
- The Division usually uses an estimate of \$1,000.00 per acre for revegetation because of the variability of seed prices and the possible need to prepare the seedbed.
- Please add indirect costs that are 16% of the direct costs.
- The bid assumes that all equipment will be hauled off by the operator which the Division does not allow in the estimate.
- The estimate assumes that an excavator will be used to transport 800 cubic yards of material 126 feet. Excavators usually are not used to haul material. Usually a truck would be used to transport the material and the excavator would be used to load the truck.

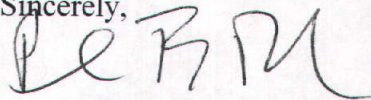


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The subtotal of earthwork, portals and buildings is \$10,124.60. The mob/demob cost is \$6,000.00 and the vegetation costs are \$5,000.00 for a total direct cost of \$21,124.60. The indirect costs are \$3,380.00. The total amount would be \$24,504.00. Since the standard bond for a five acre site is \$25,100 with a four-year escalation or \$25,000 for two years, the Division recommends that you use the standard costs.

If you have any questions regarding this letter, please call me at 801-538-5261 or Wayne Western at 801-538-5263. In reply, please refer to file number S/015/0043. Thank you for your cooperation.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:whw:pb
cc: CConrad@blm.gov
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